OPENING STATEMENT OF
CHAIRMAN SPENCER BACHUS
HEARING OF FINANCIAL INSTITUTIONS AND CONSUMER CREDIT SUBCOMMITTEE ON THE FINANCIAL SERVICES REGULATORY RELIEF ACT
MARCH 27, 2003

The Subcommittee meets today for a legislative hearing on H.R. 1375, the Financial Services Regulatory Relief Act of 2003, a bill introduced last week by our colleagues on the Subcommittee, Mrs. Capito of West Virginia and Mr. Ross of Arkansas.

H.R. 1375 is similar to regulatory relief legislation, H.R. 3951, which was approved last year by the Financial Institutions Subcommittee and the Financial Services Committee after two hearings in this subcommittee. That legislation was largely a product of recommendations that the Committee received from the Federal and State financial regulators in response to a request for regulatory relief recommendations from Chairman Oxley.

Earlier this year, the Chairman again requested that the financial regulators recommend regulatory relief proposals. H.R. 1375 is essentially last year's bill with the addition of various uncontroversial provisions recommended by regulators.

The banking industry estimates that it spends somewhere in the neighborhood of $25 billion annually to comply with regulatory requirements imposed at the Federal and State levels. A large portion of that regulatory burden is justified by the need to ensure the safety and soundness of our banking institutions; enforce compliance with various consumer protection statutes; and combat money laundering and other financial crimes.

However, not all regulatory mandates that emanate from Washington, D.C. or other state capitals across the country are created equal. Some are overly burdensome, unnecessarily costly, or largely duplicative of other legal requirements. Where examples of such regulatory overkill can be identified, Congress should act to eliminate them.

The bill that Congresswoman Capito and Congressman Ross have introduced – and that I am proud to cosponsor along with Chairman Oxley – contains a broad range of constructive provisions that, taken as a whole, will allow banks and other depository institutions to devote more resources to the business of lending to consumers and less to the bureaucratic maze of compliance with outdated and unneeded regulations. Reducing the regulatory burden on financial institutions lowers the cost of credit and will help our economy as it strives to emerge from recession.

In closing, let me once again commend Mrs. Capito and Mr. Ross for this important legislative initiative as well as the full Committee Chairman, Mr. Oxley, who is an original cosponsor of this legislation. The Chairman has demonstrated a strong commitment to getting regulatory relief legislation enacted this year. I also want to thank the financial regulatory agencies represented on our panel for their very helpful input and technical assistance in the drafting process.

I am now pleased to recognize the Ranking Member, Mr. Sanders, for an opening statement.